Agenda

Summary

Business update

Financial results

Q&A
We are connecting devices!

Our solutions for industrial communication and IIoT

- **Anybus®**: Multi-network connectivity within fieldbus and industrial Ethernet
- **Ewon®**: Remote access and management of industrial equipment
- **Ixxat®**: Connectivity solutions for embedded control, energy, safety and automotive
HMS is working with "Users" and "Makers"

HMS have thousands of industrial customers

**Users of Industrial Automation Systems**
These companies work in end-user industries:

- **Examples of Users**
  - Manufacturing
  - Energy & Infrastructure
  - Buildings & HVAC
  - Transportation & Logistics

- HMS typically reaches these customers indirectly via intermediaries (Systems Integrators, Distributors and Solution Partners).

**Makers of Industrial Equipment**
These companies make:

- **Intelligent Industrial Machines**
  - Packaging machine, CT-scanner, Windmill, Elevator, genset, AGV, heavy duty vehicle etc. “Machine Categories”

- **Intelligent Industrial Devices**
  - Drives, PLC, HMI, Robot controller, actuator, nutrunner, circuit breaker etc. “Device Categories”

- HMS typically address these customers directly with HMS sales force.
HMS Financial targets – 20/20/50

HMS sales development 2009-2018

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
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<tbody>
<tr>
<td>2009</td>
<td>245</td>
</tr>
<tr>
<td>2010</td>
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<td>2017</td>
<td>1183</td>
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<td>2018</td>
<td>1366</td>
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HMS Financial targets

<table>
<thead>
<tr>
<th>Target</th>
<th>Actual 2009-2018</th>
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<tbody>
<tr>
<td>Sales growth (CAGR)</td>
<td>20%</td>
</tr>
<tr>
<td>EBIT (% margin)</td>
<td>20%</td>
</tr>
<tr>
<td>Dividend (% of EPS)</td>
<td>50%</td>
</tr>
</tbody>
</table>
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As expected, the slow market development in all our geographies continued in Q3. Organic order intake was down 5%.

Mixed picture in our “End user verticals” where orders in automotive and manufacturing industry are down but areas like Building Automation shows growth.

Americas has developed flat over the quarter but some positive signs towards the end of the quarter.

The main engine for HMS in the last quarters, Germany and Continental Europe, has developed flat which is the main contributing factor to the limited growth for the Group.

We are continuing to decrease our back-log in Asia – especially key customers in Japan are developing slow. Other markets in Asia is growing but cannot make up for the decline in Japan.
The cost reduction program that was communicated during Q3 has been implemented as planned and is almost finalized.

Results from the program is in line with what was communicated in the press release from September 23rd:

- 45 MSEK in total savings
- 25 MSEK in restructuring costs
- 40 people leaving HMS

Savings are expected to have full impact from January 1st.
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Order intake of 372 MSEK

Order intake, MSEK

Comments on order intake

- Q3: reported +3%, organic decrease of 5%
- YTD: reported +8%, organic decrease of 1%
- Book to bill in Q3 of 0.99
- Continued challenging situation in all key markets
Net Sales of 377 MSEK

- Q3: reported +7%, organic growth +1%
- YTD: reported +17%, organic growth +6%

Q3 reported growth:
- EMEA: +7% (excl acquisitions +4%)
- Americas: +6%
- Asia: +5%
EBIT margin of 14.9% in the third quarter

• EBIT of 56 MSEK (74 MSEK), corresponding to 14.9% (20.9%) margin

• Adjusted EBIT (excl restructuring costs) of 81 MSEK corresponding to 21.6% margin

• Q3 gross margin of 62.8% (60.3%) – positive mix, WEBfactory and Raster

• OPEX increase of 41 MSEK, organic increase excl restructuring costs, 6 MSEK
EPS of 0.98 SEK

Comments on EPS

- EPS of 0.98 SEK (1.09)
- Net financials of -1 MSEK (-4)
Cash flow from operating activities, 90 MSEK

Cash flow from operations per quarter, MSEK

Comments on cash flow

• Cash flow from operating activities 101 MSEK (after changes in NWC 90 MSEK)

• NWC is 8.2% of net sales (September closing) and 8.4% of net sales (average LTM)

• Inventory reduction has started, expected to impact coming quarters
Net debt/EBITDA at 1.45

Net debt and leverage, MSEK

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Net debt/EBITDA</th>
<th>Net debt</th>
<th>IFRS 16 impact on net debt</th>
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Comments on net debt and leverage

- Net debt/EBITDA of 1.45 (1.36)
- Net debt/Equity: 0.49 (0.47)
- IFRS 16 impact on net debt +98 MSEK
- Comparable (excl. IFRS 16) Net debt/EBITDA of 1.23 (1.36)